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SEVENTH
FEDERAL



RESERVE
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General Summary

THE year 1930 marked a continuance of the declines in Seventh district business and industrial activity inaugurated in the closing months of 1929, most lines showing recessions of from 5 to 40 per cent in the yearly totals from those of 1929. In the last month of 1930, however, gains were recorded in many groups over the preceding month, some of them contrary to the usual trend for the period. Automobile production, for instance, expanded during the month and was also larger than in December 1929. Operations at steel mills reached a low point over the Christmas holiday, but a moderate improvement in new business and specifications stimulated output again at the beginning of 1931; activity at both steel and malleable casting foundries in December exceeded that of the preceding month. Furniture shipments and orders booked decreased less than is customary for the period, and leather and shoe production were greater than in November. Building contracts again declined, however, and movement of materials was at the low point of the year. With the exception of automobiles, all of the lines mentioned continued to show a considerably lower rate of activity than a year previous. Employment in manufacturing groups totaled slightly less in December than in November and about 20 per cent under the December 1929 level.

Among the industries producing foodstuffs, meat packing registered a gain in production over November and only a 2 per cent decline from December 1929, while sales totaled smaller in both comparisons; butter production and distribution increased over a month and a year previous; manufacture and sales of Wisconsin cheese showed declines. The movement of all grains was small

during December, although that of corn increased seasonally.

In distribution phases, automobile sales at wholesale and retail recorded gains in December over the preceding month, in contrast to a declining trend in evidence a year previous. Wholesale drug, grocery, and electrical supply sales also expanded, the last two lines contrary to trend in other years, while declines in hardware, dry goods, and shoes were smaller than usual for the period. The 63 per cent increase in department store trade over the preceding month was largely seasonal in character, as were gains in other retail lines, such as shoes and furniture. The volume of chain store trade likewise exceeded that of November. As in manufacturing industries, however, distribution of commodities continued below the level of the corresponding month of 1929.

Between the middle of December and January, loans of reporting member banks, both secured and commercial, again declined slightly, and investments increased. Deposits were reduced further, though remaining above those of a year previous. Money rates eased slightly during the period.

Credit Conditions and Money Rates

A loss of funds to the district amounting to more than 21 millions through settlements for commercial and financial transactions, and an excess of local Treasury receipts over expenditures of approximately the same amount, were the principal changes in factors making for increased member bank borrowing. (See tabulation on page two.) Offsetting these developments, the outstanding changes in factors tending to reduce the volume of member bank borrowings were the increased holdings of acceptances (local transactions), decreased member bank reserve balances, and lessened demand for currency fol-

FEDERAL RESERVE BANK OF CHICAGO, SELECTED ITEMS OF CONDITION

(Amounts in millions of dollars)

	CHANGE FROM		
	JAN. 14 1931	DEC. 10 1930	JAN. 15 1930
Total Bills and Securities.....	\$145.5	\$+13.2	\$-45.6
Bills Discounted.....	26.0	+3.6	-60.8
Bills Bought.....	36.7	+9.3	+4.4
U. S. Government Securities.....	81.8	-0.8	+11.3
Total Reserves.....	369.8	-26.1	-101.8
Total Deposits.....	335.7	-11.4	-4.5
Federal Reserve Notes in Circulation.....	143.6	+1.6	-146.0
Ratio of Total Reserves to Deposit and Federal Reserve Note Liabilities Combined.....	77.1%	-3.8*	+2.3*

*Number of Points.

**CONDITION OF REPORTING MEMBER BANKS,
SEVENTH DISTRICT**

(Amounts in millions of dollars)

	JAN. 14 1931	DEC. 10 1930	JAN. 15 1930
Total Loans and Investments.....	\$3,344	\$-17	\$+144
Loans on Securities.....	1,215	-3	-32
All Other Loans.....	1,255	-25	-38
Investments.....	874	+11	+214
Net Demand Deposits.....	1,888	-33	+65
Time Deposits.....	1,273	-27	+99
Borrowings from Federal Reserve Bank.....	9	+4	-44

Compiled January 27, 1931

lowing the holiday season; these and other changes of lesser volume, however, fell short of the aggregate of changes exerting the opposite effect; consequently, member banks increased their loans at the Reserve bank by slightly over 3½ million dollars on January 14, as compared with December 10.

FACTORS IN MEMBER BANK BORROWING AT THE FEDERAL RESERVE BANK OF CHICAGO

Changes between December 10, 1930 and January 14, 1931
(In millions of dollars)

Changes making for increase in member bank borrowing:

1. Funds lost through inter-district settlements for commercial and financial transactions.....	21.64
2. Excess of local Treasury receipts over expenditures.....	21.11
3. Decrease in reserve bank float.....	0.59
4. Sales of gold to industry.....	0.07

Total.....

43.41

Changes making for decrease in member bank borrowing:

1. Increase in holdings of acceptances (local transactions).....	15.20
2. Decrease in member bank reserve balances.....	13.36
3. Decrease in demand for currency.....	9.72
4. Increase in holdings of other securities.....	1.00
5. Decrease in unexpended capital funds.....	0.31
6. Decrease in non-member clearing balances.....	0.20

Total.....

39.79

Excess of changes making for increase in member bank borrowing:

Absorption of this excess: Increase in member bank borrowings
(discounts for member banks).....

3.62

3.62

MEMBER BANK CREDIT

Loans on securities as well as all other (commercial) loans of reporting member banks were reduced by small amounts on January 14 from the corresponding reporting date in December and from January 15, 1930. Investments, on the other hand, gained in both comparisons, the increase in this item on January 14 over January 15 a year ago totaling more than 200 millions. Deposits, net demand as well as time, declined in volume from December 10, but showed increases of 65 millions and 99 millions, respectively, over the aggregates on the corresponding date of 1930. (See table at bottom of page one.)

Rate levels have moved downward in Chicago since the middle of December; the prevailing rate on customers' prime commercial loans, as reported by six large downtown banks for the week ending January 15, ranged from 3½ to 5½ per cent, a drop of one-fourth of one per cent in the lower limit of the range of 3½ to 5½ per cent on December 15. Ten smaller banks, for the most part in outlying sections, showed a range of 3 to 6 per cent, compared with 3½ to 6 during the corresponding period in the closing month of 1930. The average rate earned on loans and discounts by six down-town banks declined 5 points for the calendar month of December—4.56 per cent as against 4.61 per cent for November; in December 1929, the average rate earned was given as 6.10 per cent. In the City of Detroit, this item declined from 5.64 per cent in November to 5.52 in December, which compares with 6.15 per cent in December 1929. The prevailing rate on customers' prime commercial loans in the latter city was reported as 4½ to 5½ per cent during the week ended January 15; a month previous the indicated range was 5 to 6 per cent.

Commercial paper sales in the Middle West showed a further recession of 2½ per cent in December and continued in approximately half the usual volume for this season of the year. Demand remained moderate, largely as a reflection of recent banking disturbances, and the supply was only fair. December selling rates ranged from 2¾ and 3 per cent for low to 3¾ and 3½ per cent for high, the customary charge being 2¾ to 3½ per cent.

Outstandings of commercial paper in the Middle West again fell off—by 10½ per cent—during the month, and on December 31 totaled 11½ per cent less than at the close of 1929. Sales in the first half of January 1931 aggregated about 7 per cent heavier than for the corresponding period of December, reflecting a slight improvement in demand. Quotations closed on January 15 at 2¾ to 3½ per cent, with most paper moving at 2¾ and 3 per cent.

Activity in the Chicago bill market was moderate during the five weeks ended January 14, 1931. Local supplies of bills ranged between light and moderate, and some expansion took place in the volume of receipts from eastern markets. Demand from local banks was rather limited during the first four weeks of the period but good at the close; sales to out-of-town banks improved slightly. Preference continued to center on 90-day maturities. Rates declined, closing on January 14 at 1½ per cent for 30-day offerings to 1½ per cent for those of 180 days. Dealers' holdings were reduced to a comparatively low level.

AVERAGE WEEKLY TRANSACTIONS OF REPORTING DEALERS IN THE CHICAGO BILL MARKET

December 11, 1930 to January 14, 1931

PER CENT CHANGE IN COMPARISON WITH PERIOD FROM NOV. 13 TO DEC. 10 DEC. 12, 1929 TO JAN. 15

	1930	1930
Bills purchased.....	-27.5	-61.2
Bills sold.....	+16.9	-33.4
Holdings*.....	-75.6	-88.7

*At end of period.

Bills accepted and current purchases of bankers' acceptances, as reported by a selected group of accepting banks in the Seventh district, were in substantial amounts during December, though aggregating less than a year ago. Sales attained a higher level than for any month since March and totaled only slightly below the peak of last December, the large increase over November reflecting for the most part profit-taking during the last week of 1930. The year-end figures showed a sharp decrease from November 29 in the amount of bills held in portfolios of accepting banks of the district. Liabilities for outstanding acceptances were smaller on December 31 than for any of the four preceding months and totaled 13 per cent less than at the end of 1929. The value of bills accepted during the first half of January 1931 exceeded that of the corresponding weeks in December by approximately 13 per cent, with financing by this means rather liberal for grain and in substantial amounts for sugar, coal, and dollar exchange. The bills covering dollar exchange, coal, sugar, and grain increased over a month earlier, as did those for oil, cotton, machinery, wood products, fertilizer, and copper, while acceptances for iron and steel, wool, silk, clocks, and a number of miscellaneous commodities decreased.

TRANSACTIONS IN BANKERS' ACCEPTANCES AS REPORTED BY A SELECTED LIST OF ACCEPTING BANKS IN THE SEVENTH DISTRICT

PER CENT CHANGE IN DECEMBER 1930 FROM NOVEMBER 1930 DECEMBER 1929

Total value of bills accepted.....	+20.3	-32.7
Purchases.....	+24.6	-15.2
Sales.....	+125.5	-6.0
Holdings*.....	-38.7	+107.1
Liability for outstandings*.....	-7.9	-12.7

*At end of month.

SECURITY MARKETS

During the latter part of December and the first few days of 1931, the Chicago bond market displayed a decidedly improved tone. Many of the high grade issues

recovered a large part of the losses sustained since last September, and also there arose, for the first time in many months, an interest in the less widely known issues. These developments followed a period of diminishing demand and a downward trend in prices the first two weeks in December. Forced liquidation in the stock market, a succession of bank failures, and general uncertainty were ascribed by reporting investment dealers as causes which brought about this situation. Owing to market conditions, the volume of new offerings was very limited, as practically the only demand was for short-term obligations. Institutions appeared to be the heaviest purchasers of bonds during December, although some individual buying was in evidence. Prices on the Chicago Stock Exchange declined through most of the month, the average price of twenty leading stocks (*) reaching a low point of \$74.42 on December 16. Following the turn of the year, prices have moved slowly upward. On January 14, 1931, the average amounted to \$85.16.

* Chicago Journal of Commerce.

BANK FAILURES

During the year 1930, there were 1,326 bank failures in the United States, involving deposits of approximately \$904,000,000, as compared with 642 suspensions and deposits of \$235,000,000 in 1929. Of the 1930 total, 188 banks with deposits aggregating \$389,000,000 were members of the Federal Reserve System.

The Seventh district, which includes approximately 20 per cent of all the active banks in the United States, experienced 265 bank suspensions, of which 32 were member banks. Aggregate deposits involved were \$111,000,000 and \$27,000,000, respectively. In 1929, a total of 93 banks suspended, with deposits of \$36,000,000. Failures in this district were distributed among the five states comprising it as follows: Illinois, 64 failures with deposits of 35 millions; Indiana, 80 with 33 millions; Iowa, 86 with 30 millions; Michigan, 20 with 6 millions; Wisconsin, 15 with 7 millions.

Banks reopened in the United States during 1930 numbered 138 of which 27 were in the Seventh district, as compared with 58 and 3, respectively, in 1929.

Agricultural Products

GRAIN MARKETING

Lack of strengthening factors characterized both the cereal and feed grain markets during December. Wheat exports fell to less than half the December 1929 volume and brought the total since July 1 to slightly under the corresponding period of that year. Flour exports also decreased, but the volume since July 1 continued to exceed that of a year previous. Restriction in demand for wheat at the end of the year was reflected in an increase in the total United States visible supply on January 3, which had been preceded by declines in previous weeks. As both export and domestic miller requirements were

VOLUME OF PAYMENT BY CHECK, SEVENTH DISTRICT (Amounts in millions of dollars)

	PER CENT OF INCREASE OR DECREASE FROM		
	DEC. 1930	NOV. 1930	DEC. 1929
Chicago.....	\$3,765	+18.6	-17.4
Detroit, Milwaukee, and Indianapolis.....	1,454	+26.9	-9.9
Total four larger cities.....	\$5,219	+20.8	-15.5
34 smaller centers.....	891	+10.3	-13.4
Total 38 centers.....	\$6,110	+19.1	-15.2

limited by the unusual position of domestic prices above world markets, the firming which characterized prices of cash wheat and old crop futures during the month was attributed to government stabilizing operations. The expectation of large diversion of wheat to live-stock feeding, based on relatively high corn prices during the fall, which made wheat available for feeding in competition with corn, was somewhat modified as corn prices declined continuously during December to the lowest point recorded since 1922. Oats also declined but averaged about the same in December as in November. The movement of all grains at primary markets was small during the last month of 1930. Corn receipts and shipments increased over recent months, as is usual in December, but totaled less than for any December since 1926.

In the futures markets, wide differences existed between prices for old and new crop contracts. Strong support buying of March and May futures and cash wheat offset the downward influence of considerable liquidation and held prices above the November level, while July futures, reported to have been without such support, were in continuous decline throughout December.

MOVEMENT OF LIVE STOCK

Receipts of cattle at public stock yards in the United States increased in December over November and were in excess of a year ago. The gain over the preceding month was contrary to the seasonal trend and largely attributable to light marketing during November. Hog receipts expanded in December, as usual, though continuing to total less than in the preceding year and below the 1925-29 average for the month. Lamb marketings continued in large volume for the season. Reshipments of cattle and lambs to feed lots decreased sharply from November, but were greater than in December 1929.

MEAT PACKING

December production at slaughtering establishments in the United States totaled 18 per cent greater than in November and only 2 per cent less than a year previous. The expansion over the preceding month was larger than usual, inasmuch as production in November declined from October, contrary to the customary upward trend. Employment data as of the end of December reflected little change in number of employes from a month earlier, but showed a decrease of 2 per cent in hours worked and in wage payments. The demand for packing-house products remained rather inactive during most of the month because of the holiday consumption of poultry and also owing to the mild weather. December sales billed to

LIVE STOCK SLAUGHTER

(In thousands)

	CATTLE	HOGS	LAMBS AND SHEEP	CALVES
Yards in Seventh District, December 1930.....	218	992	388	113
Federally Inspected Slaughter, United States				
December 1930.....	692	4,647	1,426	398
November 1930.....	605	4,024	1,305	324
December 1929.....	658	5,083	1,091	346

AVERAGE PRICES OF LIVE STOCK

(Per hundred pounds at Chicago)

	WEEK ENDED			MONTH OF
	JAN. 17	DEC.	NOV.	DEC.
	1931	1930	1930	1929
Native Beef Steers (average).....	\$9.60	\$10.50	\$10.55	\$12.60
Fat Cows and Heifers.....	6.65	7.05	7.75	8.40
Calves.....	9.25	8.55	9.00	12.75
Hogs (bulk of sales).....	7.70	7.95	8.55	9.40
Yearling Sheep.....	6.50	6.15	6.50	9.85
Lambs.....	7.75	7.65	7.45	12.80

domestic and foreign customers aggregated 4 per cent less in value than in November and 17½ per cent smaller than in December of the preceding year. Reduced buying power of the consumer, lower prices than in 1929, and a small export demand remained chiefly responsible for the latter recession. Sales for the calendar year 1930 totaled 14 per cent less than in 1929. Prices of pork products declined in December from the preceding month; quotations for beef firmed slightly, veal eased, and those of lamb remained practically unchanged. Inventories of packing-house commodities in the United States were heavier on January 1 than at the beginning of December, but remained below the five-year average for the date and totaled less than at the beginning of 1930. Domestic demand was reported as fair early in January.

Shipments for export declined in December from November, and there was a corresponding reduction in stocks of American products abroad (inclusive of commodities in transit on January 1). European demand remained on a limited basis, in so far as the United States was concerned, owing to the fact that Danish, Dutch, and German interests continued keen competitors for the trade. Companies in the United States, however, reported that some sales of lard were made for January, February, and March delivery. European quotations for meats averaged below the domestic basis, while lard prices continued about on a parity with Chicago.

DAIRY PRODUCTS

Seventh district production of creamery butter expanded 16 per cent in December, which is a customary trend, and for the first time in 1930 was heavier than during the corresponding month of 1929; mild weather, conducive to the milk flow, was largely responsible for the latter gain. Sales increased 5½ per cent in volume over the earlier month and totaled 15½ per cent greater than in the preceding December, lower prices than in 1929 tending to stimulate consumption. For the calendar year 1930, decreases of 8½ per cent in production of the commodity and of 2 per cent in sales were recorded from a year earlier. Statistics of the American Association of Creamery Butter Manufacturers indicate that butter production in the United States changed little in December from November, though exceeding that of the same month in the preceding year. Visible supplies of the commodity in cold-storage warehouses and packing plants in the United States recorded a further decline on January 1 and remained less than a year ago, though larger than the 1926-30 average for that date by nearly 12,000,000 pounds. Prices declined to the lowest level of any month in years.

Receipts of American cheese at primary markets in Wisconsin, indicative of production in that state, decreased 4 per cent during the five weeks ended January 3 compared with the preceding period, and were 8½ per cent below those from December 1, 1929 to January 4, 1930. Reshipments from these centers continued greater than current production but fell off 12 per cent in the comparison with the five weeks ended November 29 and were 16 per cent less than in the corresponding period of a year previous. Production for the calendar year 1930 totaled approximately the same as in 1929, while sales decreased 1½ per cent. Cheese inventories in the United States showed a further decline on January 1 and aggregated less than at the beginning of 1930, though

remaining above the five-year average. Prices continued to trend downward.

Industrial Employment Conditions

The total number employed and aggregate payrolls in both manufacturing and non-manufacturing lines reporting to this bank were slightly less at the middle of December than a month previous. This was the fifteenth consecutive monthly reduction registered in total number employed in industry. Manufacturing employment of reporting plants in this district for December approximated 80 per cent of the December 1929 level, while payrolls amounted to less than 70 per cent of those a year ago. The average number employed during 1930 amounted to 86 per cent of the number in 1929, and weekly payrolls in 1930 averaged 77 per cent of the 1929 average. Reporting firms in non-manufacturing lines reduced their number of employees and payrolls somewhat less than did manufacturing groups, so that the level of employment and payrolls in all industry was a few points higher than in the comparisons given for manufacturing.

Of the fourteen groups included in the survey, six manufacturing and two non-manufacturing groups employed fewer men in December than in November, and with the exception of the rubber products and leather groups had smaller payroll amounts. Groups showing recessions in both men and payrolls were stone and clay products, food products, lumber, vehicles, construction, and public utilities. The average period during which these eight groups have continuously declined in number of employees is from five to six months. The remaining six groups reported larger numbers employed than in November, and four of these showed heavier payrolls. In the textiles, metals, paper and printing, and chemicals groups, the increases recorded in December were preceded by periods of declining employment ranging from two to nine months, while merchandising and coal mining have shown consecutive increases for four and six months, respectively.

Reductions in the ratio of applicants to jobs available at free employment offices in Illinois, Indiana, and Wisconsin from November to December were probably due in part to the increasing number of men under the supervision of various local relief organizations which are supplementing the activities at the permanent offices. In

EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUP	WEEK OF DECEMBER 15, 1930			CHANGES FROM NOV. 15	
	REPORTING FIRMS No.	WAGE EARNERS No.	EARNINGS (\$00 OMITTED)	WAGE EARNERS %	EARNINGS %
Metals and Products ¹	529	158,468	3,925	+1.4	-0.6
Vehicles.....	71	31,333	689	-1.1	-3.0
Textiles and Products.....	137	27,287	494	+1.9	+2.1
Food and Products.....	338	51,504	1,309	-2.5	-2.9
Stone, Clay and Glass.....	112	10,208	243	-12.6	-16.2
Lumber and Products.....	229	22,190	413	-2.2	-7.9
Chemical Products.....	69	10,625	268	+0.7	-0.3
Leather Products.....	67	13,557	240	-3.5	+0.5
Rubber Products ²	8	2,887	45	-7.3	+0.8
Paper and Printing.....	252	35,680	1,080	+0.8	+3.9
Total Mfg., 10 Groups.....	1,812	363,739	8,706	-0.4	-1.3
Merchandising ³	176	34,822	845	+10.1	+5.8
Public Utilities.....	73	91,189	2,987	-1.9	-3.3
Coal Mining.....	29	7,038	180	+1.4	+4.3
Construction.....	183	9,197	245	-19.4	-26.6
Total Non-Mfg., 4 Groups.....	461	142,246	4,257	-0.5	-3.1
Total, 14 Groups.....	2,273	505,985	12,963	-0.4	-1.9

¹Other than Vehicles. ²Wisconsin only. ³Illinois and Wisconsin.

Iowa, the increase in this ratio marks the end of the demand for corn huskers, in which temporary work large numbers were engaged during November.

REGISTRATIONS PER 100 POSITIONS AVAILABLE AT FREE EMPLOYMENT OFFICES

MONTH	ILLINOIS	INDIANA	IOWA	WISCONSIN
1930 December	270	172	451	192
November	280	251	281	210
1929 December	177	119	278	163
November	181	141	207	160

Manufacturing

AUTOMOBILE PRODUCTION AND DISTRIBUTION

The expansion shown in December automobile production over November contrasted with a decline for this period in other years, and the gain over December 1929 was the first in the year-to-year comparison since September of that year. Passenger cars produced in the United States totaled 122,645 in December 1930, representing increases of 20 and 35 per cent, respectively, over a month and a year previous; truck output of 31,531 declined 4 per cent from November, but gained 15 per cent over December 1929. Production of passenger cars for the entire year 1930 of 2,817,025 was 38 per cent smaller than the total for 1929 and the lowest of any year since 1922. Trucks produced totaled 538,150 in 1930, or 30 per cent under a year previous and about equal to the 1928 aggregate.

Automobiles sold in the Middle West, by reporting distributors and retail dealers, gained moderately in number during December over the preceding month. In 1929 during the same period a declining trend was in evidence, and in the majority of other years December sales have declined. The increases shown in December 1930 may be largely attributed to the bringing out of new models by certain manufacturers somewhat in advance of the usual schedule. Comparisons with December 1929 in both wholesale and retail distribution, though remaining unfavorable, showed improvement over those in November. Cars sold at wholesale by reporting firms during the calendar year 1930 totaled almost 50 per cent under 1929, while the number sold at retail was a little over 30 per cent less; the heavy decline in wholesale distribution may be partly accounted for by that in retail sales and by the unwillingness on the part of dealers to carry the normal volume of cars. Stocks on hand the end of December

MIDWEST DISTRIBUTION OF AUTOMOBILES

	DEC. 1930 PER CENT CHANGE FROM		CALENDAR YEAR 1930 PER CENT CHANGE FROM		COMPANIES INCLUDED		
	NOV. 1930	DEC. 1929	CALENDAR YEAR 1929		NOV. 1930	DEC. 1929	YEAR 1929
			NOV. 1930	DEC. 1929			
New cars							
Wholesale—							
Number Sold	+10.0	-22.2	-49.0	25	24	23	
Value	-0.2	-35.6	-48.6	25	24	23	
Retail—							
Number Sold	+3.8	-28.8	-32.2	50	50	46	
Value	+2.4	-27.6	-37.3	50	50	46	
On Hand End of Month—							
Number	-2.4	-44.9	-19.3*	51	49	47	
Value	-4.3	-42.1	-21.6*	51	49	47	
Used cars							
Number Sold	-19.7	-18.1	-12.9	51	51	47	
Salable on Hand—							
Number	+6.6	-23.3	+4.3*	51	51	47	
Value	-1.2	-33.0	-13.7*	51	51	47	

*Average end of month.

continued their downward trend and averaged more than 40 per cent under the close of December 1929. Used car stocks increased during the month, as sales fell off. Deferred payment sales in December by twenty-nine of the reporting dealers totaled 37 per cent of their aggregate retail sales, which ratio is somewhat smaller than a month previous and compares with 47 per cent for the same firms in December 1929.

IRON AND STEEL PRODUCTS

The usual year-end curtailment of steel operations was accentuated in the last weeks of 1930 by the general dullness prevalent for some time. The rate of ingot output by Chicago mills dropped from about 40 per cent of capacity in the early part of December to no more than 20 per cent at the Christmas holiday; in 1929 at the same period, operations averaged 60 per cent of capacity and in 1928, 85 per cent. By the second week of January this year, the rate had again climbed to around 40 per cent. Moderate improvement was noted in new business over November, although the volume was smaller than a year previous, and mill specifications likewise increased somewhat at the end of the year. Contracting for pig iron continued in December, and the early part of January witnessed a gain in shipments; production declined further at the end of the year, the daily average for the Illinois and Indiana district of 12,482 tons in December comparing with 13,194 in the preceding month and 19,649 in the corresponding month of 1929. Finished steel prices, as well as pig iron, have shown a continued tendency toward stabilization, and scrap iron and steel have remained unchanged in a dull market.

Activity at casting foundries of the Seventh district displayed improvement in December over November. Shipments and production of both steel and malleable castings were larger, while orders for steel castings showed a gain in contrast to a decline during the same period a year previous. As compared with the closing month of 1929, however, activity averaged decidedly less; shipments and production of steel castings were about two-thirds smaller and orders booked declined almost 50 per cent, while for malleable castings these items totaled less than half the December 1929 volume. Shipments of reporting stove and furnace manufacturers of the district aggregated about one-fourth less in December than a month earlier and approximately one-third below the corresponding month of 1929; new orders received were 45 per cent smaller than in November and 9 per cent under last December; production was at a very low point, several factories shutting down during the period.

WHOLESALE AND RETAIL LUMBER TRADE

CLASS OF TRADE	DEC. 1930: PER CENT CHANGE FROM		NUMBER OF FIRMS OR YARDS
	NOV. 1930	DEC. 1929	
Wholesale Trade:			
Sales in Dollars	-22.3	-47.0	17
Sales in Board Feet	-11.4	-28.7	13
Accounts Outstanding ¹	-6.7	-35.4	14
Retail Trade:			
Sales in Dollars	-30.1	-29.3	196
Accounts Outstanding ¹	-13.2	-5.5	182
Ratio of accounts outstanding ¹ to dollar sales during month			
DEC. 1930	NOV. 1930	DEC. 1929	
Wholesale Trade	205.7	168.0	180.3
Retail Trade	556.3	445.2	418.2

*End of month.

FURNITURE

Orders booked during the month of December by furniture manufacturers in the Seventh district fell off only 10 per cent from the November total, as compared with an average decline in other years of 38 per cent. Moreover, shipments, which were slightly in excess of new orders, totaled only 8 per cent under those in November, the average recession at this season approximating 19 per cent. Cancellations were low, counteracting to some extent the effect of the large volume of shipments on the amount of unfilled orders outstanding at the close of December, which declined 13 per cent from the end of November and stood at 52 per cent of orders booked during the month, this ratio comparing with 54 and 48 per cent in November and October. Orders booked and shipments were 23 and 45 per cent, respectively, under the December 1929 totals, and for the year 1930 aggregated 39 and 40 per cent under 1929. Production was contracted slightly in December, the rate of operations maintained being 3 points under that of November and equal to about 49 per cent of capacity.

Building Material, Construction Work

The final month of 1930 registered the low point of the year in practically all lines of building materials. While in part seasonal, this trend represented a continuation of the irregular contraction which operated throughout the year. Sales in dollars by reporting lumber retailers, who handle other building materials as well, were 30 per cent less than in December 1929. An indication of the effect of price declines in the past twelve months is given by those retail yards which report lumber sales in board feet, in that a considerably larger decline occurred in the total value of sales than in board foot volume. On an index computed from monthly and yearly percentage changes, December 1930 amounted to less than 50 per cent of the 1925-7 monthly average. The average for the twelve months of 1930 was 25 per cent below the same base period. Business of wholesalers showed a smaller decline from November than that of retailers, but as compared with December 1929 a decrease of 47 per cent was shown. Against the 1925-7 base, the average wholesale trade for 1930 was at a somewhat lower level than that of retailers.

Collections at the end of the year were slow, and while accounts outstanding were reported by both wholesale and retail dealers to be less at the end of December than a month previous, the change was much less than the decline in sales, causing sharp rises in the ratios of accounts to dollar sales. Inventories continued large in producers' and wholesalers' hands, but retailers failed to increase their relatively small volume of stocks, owing to the uncertainty of future demand and price levels. Prices for materials remained practically unchanged with the exception

WHOLESALE TRADE IN DECEMBER 1930

COMMODITY	PER CENT CHANGE FROM SAME MONTH LAST YEAR				RATIO OF ACCTS. OUTSTAND. ING TO NET SALES
	NET SALES	STOCKS	ACCTS. OUTSTAND.	COLLEC- TIONS	
Groceries.....	-2.1	-6.6	-9.4	-1.4	84.9
Hardware.....	-22.6	-15.2	-17.3	-19.3	254.7
Dry Goods.....	-22.9	-30.9	-28.4	-23.3	326.6
Drugs.....	-11.4	-6.6	+1.3	-8.2	172.5
Shoes.....	-17.6	-20.4	-23.1	-22.5	416.3
Electrical Supplies.....	-23.5	-19.1	-26.3	-18.4	146.3

of slight increases in quotations on cement and common brick. Cement production in the Middle West exceeded shipments, and stocks at the end of 1930 were 25 per cent above the volume of a year previous; distribution of cement in the five states including this district, estimated from totals for eleven months, was over 12 per cent less in 1930 than in 1929.

BUILDING CONSTRUCTION

Total building contracts awarded during December in the Seventh Federal Reserve district were the lowest for any month since February 1922. Each month during 1930 was below the corresponding period in 1929, December showing the largest decrease, of more than 50 per cent. Contracts for residential building amounting in December to about one-sixth of the total, were likewise below any month in recent years.

BUILDING CONTRACTS AWARDED* SEVENTH FEDERAL RESERVE DISTRICT

PERIOD	TOTAL CONTRACTS	RESIDENTIAL CONTRACTS
December 1930.....	\$35,180,474	\$5,823,285
Change from November 1930.....	-11%	-46%
Change from December 1929.....	-53%	-48%
Calendar Year 1930.....	\$713,751,083	\$156,307,490
Change from year 1929.....	-39%	-60%

*Data furnished by F. W. Dodge Corporation.

Merchandising

December business in reporting lines of wholesale trade showed a more favorable trend than in November. Increased sales were recorded over that month of 4 per cent in drugs, 2 per cent in groceries, and 20 per cent in electrical supplies. The gains in the last two groups were contrary to the usual trend for the month, while that in drugs compared with declines in several recent years. The recessions of 9 per cent in hardware, 7 per cent in dry goods, and 15 per cent in shoes were smaller than customary for the period. Comparisons with the corresponding month a year previous were more favorable in the majority of lines than in November; the decline of only 2 per cent in groceries, however, was due to gains shown by a few large firms that have acquired additional branches. For the whole of 1930, as compared with 1929, grocery sales declined 4 per cent, hardware 24 per cent, dry goods 28 per cent, drugs 13 per cent, shoes 33 per cent, and electrical supplies 25 per cent; a few grocery firms experienced a gain for the past year over 1929, but in other lines practically all firms showed declines. As compared with the year 1928, business in 1930 recorded smaller decreases in some groups and larger in

DEPARTMENT STORE TRADE IN DECEMBER 1930

LOCALITY	PER CENT CHANGE DECEMBER 1930 FROM DECEMBER 1929		PER CENT CHANGE CALENDAR YEAR 1930 FROM CALENDAR YEAR 1929		RATIO OF DIS. COL- LECTIONS TO ACCOUNTS OUTSTANDING NOVEMBER 29
	NET SALES	STOCKS END OF MONTH	NET SALES	1930	1929
Chicago.....	-12.2	-6.2	-13.4	36.8	35.2
Detroit.....	-16.4	-21.9	-19.8	34.4	35.8
Indianapolis.....	-10.0	-21.4	-10.7	43.2	41.1
Milwaukee.....	-9.0	-2.1	-8.7
Other Cities.....	-7.8	-11.3	-9.5	35.5	35.5
7th District.....	-12.1	-11.1	-13.7	37.1	37.3

others than in the comparison with 1929. Declines in 1930 from 1928 were as follows: groceries 3 per cent, hardware 20 per cent, dry goods 28 per cent, drugs 14 per cent, shoes 36 per cent, and electrical supplies 22 per cent. Ratios of accounts outstanding at the end of the year to sales during the month were lower in groceries, dry goods, shoes, and electrical supplies than either a month or a year previous.

The gain of 63 per cent in December department store trade over the preceding month, though largely seasonal in character, compared with an average increase of about 46 per cent for the month. Of the larger cities in the district, Chicago showed a gain of 73 per cent, Indianapolis of 59 per cent, Detroit of 55 per cent, and Milwaukee of 51 per cent; sales by stores in smaller cities exceeded November by 54 per cent. The decline in aggregate sales for the month from last December was 12 per cent, with Detroit showing the heaviest decrease among the larger cities. There was one more trading day in December 1930 than a year previous so that daily average sales for the district declined 15½ per cent. Comparing the year 1930 with 1929, department store business fell off 14 per cent, against 13 per cent for 1930 compared with 1928; Chicago stores showed about the same decline from 1929 as from 1928, while Detroit, Indianapolis, Milwaukee, and stores in smaller cities experienced larger recessions from 1929. Inventories diminished less than is customary between November and December, though averaging 11 per cent below the end of 1929. The rate of

stock turnover for the year was only a little more than 3½ times, against almost 4 times a year previous.

Sales of shoes at retail in December gained 35 per cent over the preceding month, but were 12 per cent smaller than last December, with the decline for the year 1930 from 1929 totaling 12 per cent. The dollar volume of furniture sold by retail dealers and department stores likewise increased in December—by 16½ per cent; the decline from the corresponding month a year ago was 20 per cent, and sales for the entire year totaled 21 per cent below 1929. Sales of hardware by 115 retail dealers in the five states of the district aggregated 15 per cent less in 1930 than a year previous, the dollar volume sold declining 10 per cent in Iowa, 13 per cent in Indiana, and 16 per cent in Illinois, Michigan, and Wisconsin.

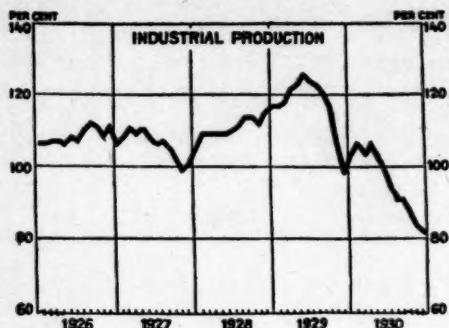
Chain store trade in December exceeded that of November by 54 per cent, according to figures on aggregate sales reported by twenty-one chains operating 2,983 stores during the month. Total sales declined 3 per cent from last December, while average sales per store were less by 8 per cent. A decline of less than one per cent was shown in total sales for the year 1930 from a year previous, but because the number of units operated was larger this past year, average sales per store decreased 11 per cent. Drug and cigar chains recorded increases in 1930 aggregate sales over 1929, but other groups such as groceries, five-and-ten-cent stores, musical instruments, shoes, and men's and women's clothing, experienced recessions.

MONTHLY BUSINESS INDICES COMPUTED BY FEDERAL RESERVE BANK OF CHICAGO

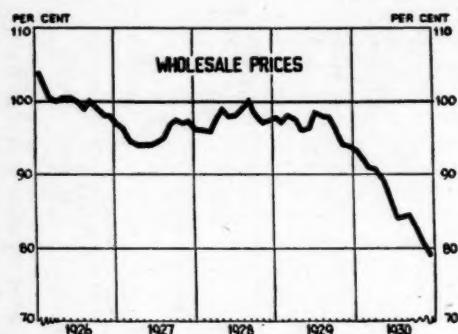
(Index numbers express a comparison of unit or dollar volume for the month indicated, using the monthly average for 1923-1924-1925 as a base, unless otherwise indicated. Where figures for latest month shown are partly estimated on basis of returns received to date, revisions will be given the following month. Data refer to the Seventh Federal Reserve District unless otherwise noted.)

	No. of Firms	Dec. 1930	Nov. 1930	Oct. 1930	Sept. 1930	Aug. 1930	July 1930	Dec. 1929	Nov. 1929	Oct. 1929	Sept. 1929	Aug. 1929	July 1929
Meat Packing—(U. S.)—													
Sales (in dollars).....	64	86	89	105	102	98	97	104	111	129	126	119	121
Casting Foundries—													
Shipments:													
Steel—in Dollars.....	15	32	32	42	46	57	61	84	79	87	85	94	101
In Tons.....	15	31	30	42	48	62	65	93	86	92	88	100	111
Malleable—in Dollars.....	23	27	25	31	33	32	35	60	60	73	78	89	84
In Tons.....	23	40	36	44	48	46	49	83	81	99	105	124	120
Stoves and Furnaces—													
Shipments (in dollars).....	11	74	102	180	134	102	82	107	147	232	191	137	108
Furniture—													
Orders (in dollars).....	26	43	47	56	70	56	69	55	86	112	117	104	126
Shipments (in dollars).....	26	44	47	72	73	60	48	80	98	149	133	119	91
Flour—													
Production (in bbls.).....	27	99	103	117	121	116	105	92	97	122	106	113	92
Output of Butter by Creameries—													
Production.....	72	91	78	94	97	115	131	82	81	96	106	133	162
Sales.....	74	98	94	96	95	111	120	86	88	92	98	119	139
Wholesale Trade—													
Net Sales (in dollars):													
Groceries.....	31	88	86	104	103	99	99	91	101	113	107	104	104
Hardware.....	14	58	63	88	75	66	70	76	92	112	106	102	103
Dry Goods.....	9	51	55	71	71	58	46	66	78	97	115	96	76
Drugs.....	14	86	84	101	95	88	89	96	100	113	108	112	103
Shoes.....	8	54	63	83	78	77	48	57	69	98	112	118	72
Retail Trade (Dept. Stores)—													
Net Sales (in dollars):													
Chicago.....	30	169	100	111	93	79	67	192	128	129	113	94	80
Detroit.....	4	201	130	127	165	104	87	240	171	163	211	136	120
Indianapolis.....	5	154	97	98	114	74	70	172	120	113	131	88	83
Milwaukee.....	5	167	111	116	107	80	75	154	137	131	120	94	88
Other Cities.....	51	148	97	103	86	82	69	159	115	108	98	94	79
Seventh District.....	95	170	105	112	108	84	72	192	134	130	130	101	88
Automobile Production (U. S.)—													
Passenger Cars.....	42	35	38	60	64	76	31	57	109	124	151	145	
Trucks.....	84	87	99	109	95	105	73	128	161	137	151	199	
Building Construction—													
Contracts Awarded (in dollars):													
Residential.....	20	36	42	44	37	42	38	66	89	104	105	125	
Total.....	51	58	77	88	86	80	110	85	122	150	147	155	
Iron and Steel—													
Pig Iron Production:*													
Illinois and Indiana.....	72	76	79	82	91	95	113	124	132	135	144	144	
United States.....	55	63	71	77	83	87	93	108	118	119*	123	124	
Steel Ingot Production—(U. S.)*.....	58	67	76	83	89	85	87	102	126	136	137	140	
Unfilled Orders U. S. Steel Corp.....	83	76	73	72	75	84	93	86	86	82	77	86	

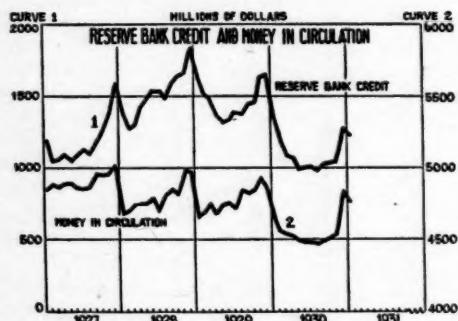
*Average daily production.



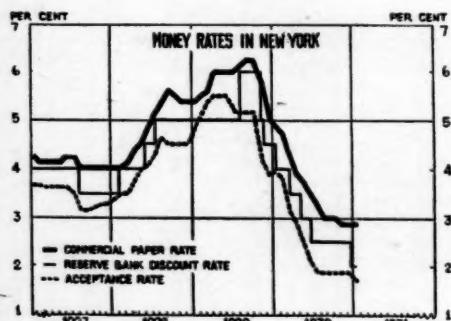
Index number of production of manufactures and minerals combined, adjusted for seasonal variations (1923-25 average = 100).



Index of U. S. Bureau of Labor Statistics (1926 = 100).



Monthly averages of daily figures. Latest figures, average of first 19 days in January 1931.



Monthly rates in the open market in New York: commercial paper rate on 4- to 6-month paper; acceptance rate on 90-day bankers' acceptances. Latest figures, average of first 20 days in January 1931.

NATIONAL SUMMARY OF BUSINESS CONDITIONS

(By the Federal Reserve Board)

PRODUCTION and factory employment declined further in December. Wholesale prices decreased during the first half of the month, but thereafter were generally steadier. Conditions in the money market remained easy, and in January money rates reached new low levels.

PRODUCTION

Industrial production was further reduced during December, and the Federal Reserve Board's index, which makes allowance for usual seasonal changes, showed a decline of over 2 per cent. Output of steel and iron, textiles, petroleum, cement, and copper was substantially curtailed. Activity in meat packing plants and at anthracite mines increased in December, and in the automobile industry there was an increase in output, reflecting the introduction of new models. After the turn of the year, automobile output increased further, and steel plants were more active.

Construction contracts awarded during December were in about the same volume as in November, according to reports of the F. W. Dodge Corporation. There were slight declines, partly seasonal in nature, in contracts for residential and commercial construction, while public works and utility awards increased somewhat.

EMPLOYMENT AND WAGE PAYMENTS

Employment in manufacturing industries was reduced further by 2.5 per cent between the middle of November and the middle of December, and factory payrolls also declined. The largest reductions in working forces were in the canning, lumber, steel, and wearing apparel industries. There was little change in employment in railroad car shops and in cotton and silk mills, while in the automobile, meat packing, and paper and printing industries working forces were increased slightly. In early January, following year-end inventory periods, reports indicate increased employment in certain industries, particularly automobiles, steel, and railroads.

DISTRIBUTION

Sales of department stores increased in December by slightly less than the amount which is usual for the holiday season, according to preliminary reports to the Federal Reserve banks. In December, as in earlier months of the year, the volume of sales probably reflected the influence of declining retail prices. Distribution of commodities by freight showed a further decline for the month of December as a whole. Value of American exports to foreign countries was smaller in December than in November, and approximately 35 per cent below that of December 1929, the decrease reflecting in part the decline in wholesale prices.

WHOLESALE PRICES

Wholesale prices of commodities declined sharply in the first half of December, while in the following four weeks average fluctuations were relatively small. For the month of December as a whole, there were large decreases in prices of corn, hogs, cotton, hides, and lumber, while prices of wheat, beef, and silk averaged somewhat higher than in November. During the first two weeks in January, prices of corn, sugar, and silk increased, and the price of wheat in American markets remained fairly stable. Silver prices reached new low levels.

BANK CREDIT AND MONEY RATES

Loans and investments of reporting member banks declined in the four-week period ending January 14, reflecting liquidation of securities loans, as well as a reduction in all other loans and investments. Changes in the position of reserve banks in recent weeks reflected largely changes in the demand for currency. In December this demand increased more than is usual for the season, owing to the withdrawal of cash by banks and by the public in districts where there were important bank failures. In the two weeks after Christmas the return flow of currency from circulation was smaller than the usual seasonal amount, and the result was that money in circulation, which during the larger part of 1930 had been in considerably smaller volume than in 1929, in January 1931 was above the level of a year ago. In the following two weeks the return flow of currency was somewhat larger than usual, indicating a return of part of the extra currency which had been called into use in December. Money rates in the open market continued at low levels during December, and declined further in the first half of January. The discount rate at the Federal Reserve Bank of New York was reduced to 2 per cent on December 24, and in the following three weeks the rate at the Federal Reserve Bank of Boston was reduced to 2½ per cent and the rates of the Federal Reserve Banks of Cleveland, St. Louis, Chicago, Atlanta, and San Francisco to 3 per cent.

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